

**Department of Health and Mental Hygiene  
Chronic Disease Services  
M00I**

**Response to Recommended Actions**

1. **Recommendation:** Increase turnover expectancy to 4.72%. Fiscal 2005 turnover expectancy is budgeted at 3.72%, significantly below the current 8.01% rate. This action would still provide funds sufficient to reduce the total number of vacant positions in fiscal 2005. Reduction: \$293,887 GF

**Response:** The Department disagrees with the recommendation to increase the turnover expectancy rate to 4.72% that would result in a general fund reduction of \$293,887. The impact of this loss of funds will be a reduction in patients receiving care at Deer's Head Hospital Center and Western Maryland Hospital Center.

Currently, the increase in salary line items in fiscal 2005 over fiscal 2004 is totally offset by decreases in turnover, overtime, and salaries already incorporated into the fiscal 2005 budget. This increased turnover rate will result in a loss of \$293,887 that will, in turn, result in an operating budget shortfall. A cut of this magnitude in an already tight budget will mean that fewer patients will receive care.

2. **Recommendation:** Reduce funding for building and maintenance equipment. The fiscal 2005 allowance includes funds to replace a forklift and a tractor at Deer's Head Center. This action would defer purchase of one of these items until the next fiscal year. Reduction: \$20,000 GF

**Response:** The Department disagrees with the recommendation to reduce funding for building and maintenance equipment at Deer's Head Hospital Center. Any reduction in funding for replacement equipment will put patients and staff at risk. The 14-year old forklift at Deer's Head Hospital Center, used for transporting supplies and equipment, is in constant need of repair and is a federal OSHA (Occupational Safety and Health Administration) safety risk. The 21-year old tractor at Deer's Head Hospital Center, used for grounds maintenance including snow removal, is also in constant need of costly repairs and a safety risk. Both are major pieces of equipment that need to be replaced as soon as possible.

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**Response to Issues**

**1. Centers' Financial Condition Continues to Improve**

**Issue:** Western Maryland Center and Deer's Head Center should comment on their current financial situation and efforts to contain costs in fiscal 2005.

**Response:** Based on the most recent fiscal 2004 projections, Western Maryland Hospital Center and Deer's Head Hospital Center combined anticipate closing the year without a budget deficit. Cost control measures will continue in fiscal 2005 and include: (1) renegotiating contracts to improve costs for equipment, pharmaceuticals and supplies; (2) modifying work schedules in all departments to minimize overtime and maximize coverage to meet patient needs; (3) financial strategic planning in which staff continuously examine patient cost management, staff utilization, and supply utilization; (4) maintaining staff vacancies to offset increases in expenditures such as pharmaceuticals; and (5) adjusting targeted census to ensure sufficient staff coverage while maintaining vacancies.

**2. Aging Facilities Require Improvements**

**Issue:** Western Maryland Center and Deer's Head Center should comment on the current status of facility improvement efforts.

**Response:** Western Maryland Center continues to work towards a facility replacement plan that is currently scheduled for fiscal 2009. At this time, only improvements that are deemed critical are being addressed. For example, the dialysis water filtration system was deemed critical to patient care and was replaced last year.

Deer's Head Center is on schedule with its boiler system replacement project to install a new energy efficient system through a contract financed by the Maryland Energy Administration.